ENSURE THE DEDUCTIBILITY OF PPP LOAN EXPENSES AND PROVIDE LIABILITY SAFE HARBORS FOR SMALL BUSINESSES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act clearly excludes forgiven Paycheck Protection Program (PPP) loans for tax purposes. The Internal Revenue Service (IRS), however, issued a notice that forgiven PPP loan expenses may not be deducted from federal income taxes. Under this interpretation, PPP forgiveness grants are effectively no longer tax-free, which would significantly increase the tax liability of small business loan recipients. The Joint Committee on Taxation stated that because Congress intended to provide full deductibility, corrective legislation would have no revenue impact. There is broad bipartisan support for the Small Business Expense Protection Act (S. 3612/H.R. 6821), which would reverse this interpretation and support the economic revival on Main Street. Congress should clarify that PPP loan expenses are tax deductible to ensure small businesses receive the intended benefits of the PPP loans.

Separately, as small business dealers reopen during the pandemic and follow laws to protect their employees and customers, they are concerned about litigation threats stemming from the coronavirus pandemic. Under these circumstances, liability relief is necessary to balance employee and customer safeguards with protections for businesses that, in good faith, follow local, state and federal health and safety laws. Such protections are vital to continue the national reopening and economic recovery. Congress should pass temporary and targeted protections to discourage pandemic-related lawsuits when businesses comply with health and safety laws.

OVERBROAD RECALL BILL WILL CREATE A CONSUMER TRADE-IN TAX (S. 1971)

Sen. Richard Blumenthal (D-Conn.) introduced S. 1971, legislation that would cripple the used-vehicle market by halting a dealer’s sale, lease, wholesale or loan of used vehicles under any open recall. The bill is overbroad because most recalls do not require the drastic step of grounding. Additionally, the bill would create a “trade-in tax” that would instantly devalue a car buyer’s trade-in by grounding recalled vehicles for minor matters, such as a peeling sticker. Finally, the bill would push recalled vehicles into the unregulated private market, making it more difficult to complete recall repairs. Similar legislation will likely be introduced in the House of Representatives. Congress should oppose overbroad recall legislation and focus on initiatives to improve consumer response to vehicle recall notices and increase recall completion rates.

SUSPEND THE FEDERAL EXCISE TAX (FET) ON HEAVY-DUTY TRUCKS

While the trucking industry is playing a vital role during the coronavirus pandemic by moving freight and delivering critical food and medical supplies, new heavy duty truck sales in the U.S. are predicted to decline by 50% in 2020 due to the economic fallout. Truck manufacturing, dealership and supplier jobs in the U.S. have been hard hit by government-ordered closures, and the economic uncertainty is causing fleets to delay or cancel truck orders. The 12% federal excise tax (FET) on trucks is a costly barrier to new truck demand that has further depressed sales and results in an aging truck fleet. A recent survey of fleets showed that a suspension of FET would create significant demand for new trucks. Temporary suspension of the FET on heavy-duty trucks would help save jobs, boost the economy and modernize the truck fleet by accelerating the purchase of new trucks with the latest environmental and safety technology. On July 21, Rep. Chris Pappas (D-N.H.) and 54 House Democrats sent a letter to House Democratic leaders urging suspension of the FET. During consideration of economic recovery legislation, Congress should suspend the FET until the end of 2021.